

02 Growth Strategy

Message from the Well-being Strategy Officer

By focusing on the well-being of each employee and the organization, we will contribute to the well-being of society as a whole and become a company people choose

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The purpose behind establishing the Well-being Strategy Group and the vision embodied in well-being

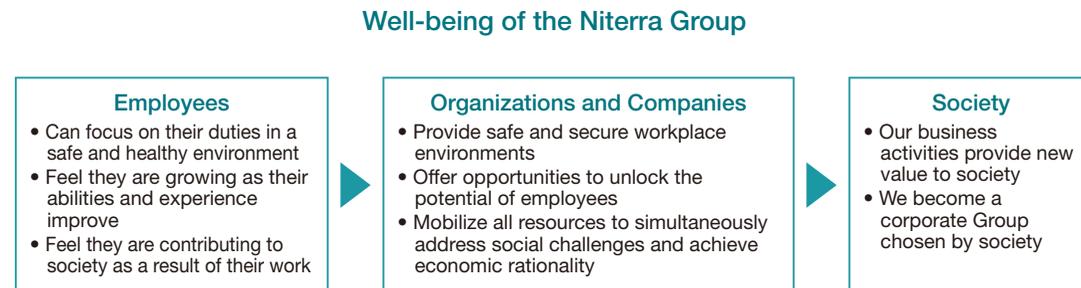
As of April 2025, I am responsible for the Human Resources Strategy Department, Sustainability Strategy Department, and Corporate Communication Department, within the newly established Well-being Strategy Group. By bringing together three departments that play crucial roles in enhancing our Group's non-financial value under the same umbrella, we will lower barriers between departments, facilitate smoother information sharing and collaboration, and strengthen alignment with our management strategy. Having the same officer handle these processes will speed up decision-

making. The ultimate goal of this shift is to ensure more transparent disclosure of information and consistent accountability. Under this new framework, we will strive to provide more comprehensive explanations regarding non-financial information to all stakeholders, including investors. For example, our management strategy will integrate human capital initiatives (Human Resources Strategy Department) going forward. This will be communicated externally as part of our efforts to help solve societal challenges (Sustainability Strategy Department), and we will clearly convey how this fulfills our role as a responsible corporate citizen (Corporate Communication Department), forging synergies and creating a collaborative effect.

The term "well-being" in our group name generally refers to "a concept

signifying mental, physical, and social health." There are generally two approaches to the concept of well-being. The top-down approach pursues the well-being of society as a whole to improve the well-being of each individual. The bottom-up approach instead focuses on the well-being of individuals to improve the well-being of society as a whole. Our Group has embraced the latter approach. Sustainable corporate activities must begin with employees in a state of well-being. We want our employees to find joy in contributing to the Company and society by fully utilizing their abilities in a safe and secure workplace environment, while experiencing growth over the course of their work.

Providing a safe and secure workplace environment allows us to



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harness our employees' capabilities and provide opportunities, while pooling our collective strength to both resolve social challenges and achieve economic efficiency. As a result, the Company will contribute to the well-being of society. This is how our Group perceives well-being. By promoting it, we believe we can provide new value to society via our business and become a company chosen by society.

Reorganization of materiality with sustainability challenges faced and future responses

For our Group to become "a company that brightens the Earth," we must consistently consider the well-being of the planet. We have reorganized our traditional materiality framework using a double materiality approach that examines impacts on both our Company and society. We recognize that social issues require more complex and integrated consideration, and that biodiversity, climate change, human rights, and other related matters form a

series of interconnected challenges. For example, in the shrimp farming related to the land-based aquaculture support business utilizing our Group's sensing technology, current mainstream methods involve the use of chemicals to prevent outbreaks of shrimp disease, as well as practices such as forced labor and child labor. This can lead to both environmental and human rights issues. It was crucial to include these factors and examine the overall interconnected impact on society as a whole, and we then overlaid our business operations onto this framework for further consideration.

Our methodology is based on our approach to the requirements of the Corporate Sustainability Reporting Directive (CSRD) established by the EU as the latest external environmental framework. Considering the current and future state of our Group's businesses, we narrowed down highly relevant items to create projected scenarios, then conducted intensive discussions with the corporate officers responsible for each function. We then scored the impact on both our Company and society, mapped these factors, and established Key Management Priorities following discussions in the CSR and Sustainability Committee and with the approval of the Board of Directors. Previously, there had been challenges in embedding materiality at the corporate officer level, so we incorporated focused discussions into the process as a strategic engagement. It was highly beneficial to have in-depth discussions with corporate officers alongside updates on the outside sustainability environment. The reorganized materiality aligns seamlessly with the sustainability policy of our Mid-term Management Plan 2030 (MMP 2030), which aims to "resolve social issues while achieving economic rationality." During the Mid-term Management Plan 2025 (MMP 2025) period, insufficient attention was given to items showing slow progress. While confirming progress with the CSR and Sustainability Committee which represents management, we intend to strengthen our efforts on the executive side to drive improvements.

The most critical issue we face in sustainability is undoubtedly the response to climate change. Eco Vision 2030 was established by the Group to outline what we want to be by 2030 (goal) and the vision of what we will pursue until 2040, with an eye toward achieving carbon neutrality by 2050. To reduce CO₂ emissions, our Group will pursue four plans: promoting energy conservation, initiatives to improve *monozukuri* (manufacturing) and work practices, developing energy creation, and utilizing procurement and certificates.

Our Group views carbon neutrality initiatives as an opportunity for innovation and technological development. We place high importance on implementing fundamental CO₂ emission reduction measures centered on the first two of the above plans, leveraging technology and ingenuity. While CO₂ reduction efforts are proceeding as planned, the impact of factors such as U.S.-China trade friction, the COVID-19 pandemic, and progress in renewable energy adoption has resulted in reductions appearing to outpace emissions. However, CO₂ emissions are expected to increase in line with planned production growth going forward, so we anticipate achieving our target by FY2030. To set targets for 2030 and beyond, we established an ambitious new interim goal for carbon neutrality this spring: a 71% reduction in CO₂ emissions by FY2035 (compared to FY2018 levels) and have begun preparations to achieve this target. We intend to incorporate various new technologies and innovations to tackle even more challenging areas.

With regard to human rights within global supply chains, we recognize that while compliance with various laws and regulations is essential, it is also necessary to effectively consider differences in culture and working practices across various countries.

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Achievements and challenges in strengthening human capital, and future initiatives

Our Group views human resources as human capital, the source of value creation. To reinforce this position, we have implemented numerous measures over the years. "Developing self-leading and innovative persons" was a theme of the four-year MMP 2025, which concluded in FY2024. Self-reliant and Creative Talents refers to individuals who can independently devise optimal solutions and take initiatives in response to the various challenges we face. The active participation of these talented individuals is what drives the growth of our Group. In recognition of this, we have established the following as the foundation of our Human Capital Policy: To become a company that thrives alongside diverse, motivated individuals, working together to enact our vision. The main pillars we have devoted our initiatives to are further leveraging existing talent, developing and managing managerial talent, and acquiring



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outside specialized talent. We have achieved consistent results in each area, and are particularly pleased to see that the recruitment of outside specialists has increased the number of career hires. These specialists are now actively contributing across all departments.

We are only halfway toward achieving our human capital management strategy, which can be achieved by integrating the individual initiatives we have pursued thus far to enable the human capital strategy aligned with our business strategy, the development of talents who support portfolio optimization, the placement of the right people in the right roles, and unified global talent management to create a talent pool. The various initiatives we have pursued have become increasingly robust, but we have not yet reached the point where they are fully integrated with our management strategy and incorporated into an evaluation system that properly recognizes the daily contributions of our employees. Taking these points into consideration, we have made human capital a major topic among our Key Management Priorities, Integrating individual initiatives to achieve results as part of an overall strategy is also a key point in the human capital strategy outlined in the MMP 2030, which launched this fiscal year. Our vision is to cultivate "talent and workplaces that brighten the Earth," aiming to nurture individuals who possess both strong will and execution capabilities. Underpinning each of these individual decision-making criteria is our philosophy system known as the Niterra Way. We are re-examining our initiatives to cultivate individuals who embody and act upon our shared values: Dokuritsu-Jiei (independent spirit), Soshi-Kantetsu (perseverance in one's original aspirations), Shisei-Shinjitsu (utmost sincerity and trustworthiness), and Shikai-Keitei (universal brotherhood). These four principles are our fundamental foundation and guiding criteria for action. Additionally, we linked the system for evaluating remuneration for directors (and other officers) to engagement scores to achieve this goal. As mentioned earlier, it is only by making the necessary human capital investments and achieving well-being that we can begin moving other indicators, including responding to climate change.

The key initiative we particularly aim to advance as part of our MMP 2030's human capital strategy is global talent management that strives to achieve both corporate sustainability and well-being. In order to successfully implement our business strategy, we will identify and optimally place the necessary talents, further implement talent development and capability

enhancement, improve individual performance, and boost organizational strength. Under this strategy, we will specifically implement the following initiatives: promote the permeation of the Niterra Way; introduce a global grading system to unify key position ranks worldwide, enabling employees to work anywhere in the world; establish a global job posting system to clarify the necessary job requirements and skills for each position; and develop key positions and future management talent to build a talent pool. We will ensure that all individuals working within our Group embody the Niterra Way which will be achieved by firmly linking it to evaluations within our HR systems and training programs, recognizing exemplary behavior through awards and acknowledgments, and continuously creating and sharing role models for globally required conduct. All of these efforts will elevate the Niterra Way into a definitive standard for judgment. Corporate Communications plays a crucial role in championing this initiative, and it needs to be executed across the entire Well-being Strategy Group. We intend to promote this initiative in collaboration with relevant departments.

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Thoughts from the Well-being Strategy Officer

It has been four years since I transferred to the Sustainability Department within our Group. Compared to four years ago, I feel that both management's mindset and employees' perceptions have changed immensely. As I mentioned earlier, it is crucial for corporate growth to cultivate individuals who find joy in personal development by improving their potential and experience, and who contribute to society through the company. In that sense, I also hope to gain experience and continue growing through the Well-being Strategy Group functioning organically and creating a positive environment both inside and outside the Company. The Well-being Strategy Group is recognized as an organization that particularly contributes to reducing the cost of capital to improve PBR. Our Group is tasked with identifying and maximizing non-financial value looking forward to the day it translates into financial value. This organization is crucial to our Group's sustained growth and future value creation, and I feel a deep sense of responsibility for this. It is crucial to link these non-financial values to the enrichment of our business activities and thereby contribute to the enhancement of corporate value. To that end, we



are investigating specific logic models and calculation formulas for quantifying the impact of non-financial information, but determining the extent to which these can be adopted remains a challenge for the future. For instance, when advancing new business pillars, we believe it is possible to calculate the impact in areas where economic effects are difficult to measure and use this as a basis for development-related decisions.

While there has been a backlash against the recent aggressive push for ESG initiatives, climate change remains a challenge that must be addressed over the long term. More and more people are feeling that each summer is hotter than the last. Long-term social challenges will not resolve themselves without action, and we view addressing them as a critical management priority and business opportunity. We face a multitude of challenges, but we intend to continue thinking about how our Group will address them and taking action ourselves. As the responsible corporate officer, I plan to dedicate myself wholeheartedly to addressing these challenges.



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